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RECORDATION NO. 23799-A FILED

DEC 28 '01 3:51 PM

SURFACE TRANSPORTATION BOARD

OF COUNSEL
URBAN A. LESTER

December 28, 2001

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Security Agreement, dated as of December 28, 2001, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Master Conditional Sale Agreement which is being filed with the Board under Recordation Number _____.

The names and addresses of the parties to the enclosed document are:

Certificate Trustee: Wells Fargo Bank Northwest, National
Association
79 South Main Street, 3rd Floor
Salt Lake City, Utah 84111

Administrative Agent: Wells Fargo Bank Nevada, National
Association
(Administrative Agent on behalf of the Lenders)
c/o Wells Fargo Bank Northwest, National
Association
79 South Main Street, 3rd Floor
Salt Lake City, Utah 84111

Mr. Vernon A. Williams
December 28, 2001
Page 2

A description of the railroad equipment covered by the enclosed document is:

Two thousand four hundred and thirty-eight (2,438) assorted railcars within each of the following series: CP 214420– CP 214567 not inclusive, CP 218000 – CP 218374 inclusive, CP 220002– CP 220519 not inclusive, CP 355000 – CP 355234 inclusive, CP 963625 – CP 964249 inclusive, NOKL 963000 – NOKL 963624 not inclusive, as more fully set forth on Exhibit A attached hereto (the "Railroad Equipment").

A short summary of the document to appear in the index is:

Security Agreement.

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

RECORDATION NO. 23799-A FILED

EXECUTION COPY

DEC 28 '01 3:51 PM

SURFACE TRANSPORTATION BOARD

SECURITY AGREEMENT

Made as of December 28, 2001

Between

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION,
as Certificate Trustee

and

WELLS FARGO BANK NEVADA, NATIONAL ASSOCIATION,
as Administrative Agent, for and on
behalf of the Lenders

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Exhibit A – Form of Supplement No. __ to Security Agreement

SECURITY AGREEMENT

This Security Agreement (this "**Agreement**") is made as of December 28, 2001, between

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, a national banking association, in its capacity as Certificate Trustee,

("Certificate Trustee")
and

WELLS FARGO BANK NEVADA, NATIONAL ASSOCIATION, not in its individual capacity, but solely as Administrative Agent, for and on behalf of the Lenders,

("Administrative Agent").

RECITALS

- A. Lenders have severally agreed to make Loans to Certificate Trustee pursuant to the Loan Agreement and the LAPA and Certificate Purchasers have agreed to advance amounts to Certificate Trustee through the purchase of Certificates under the Trust Agreement, all subject to the terms and conditions of the Participation Agreement (as defined below).
- B. Certificate Trustee will use the proceeds of the Loans and the Certificate Amounts to acquire the Units and Certificate Trustee will be the owner of and hold legal title to the Units.
- C. Certificate Trustee has agreed to sell the Units to Conditional Purchaser and Conditional Purchaser has agreed to purchase the Units from Certificate Trustee pursuant to the CSA, and Conditional Purchaser has executed and delivered the CSA.
- D. It is one of the conditions precedent under the Participation Agreement (as defined below) to the obligation of Lenders to make their respective Loans to Certificate Trustee that Certificate Trustee shall have executed and delivered this Security Agreement to Administrative Agent for the benefit of the Lenders.

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 – INTERPRETATION AND EFFECTIVENESS

1.1 Definitions

Capitalized terms used but not otherwise defined in this Agreement shall have the meanings set forth in Appendix I to the Participation Agreement dated as of December 28, 2001, between Canadian Pacific Railway Company, as Conditional Purchaser and as Guarantor; 3720659 Canada Ltd., 3870987 Canada Inc., 3942252 Canada Inc., and 3942261 Canada Inc., as Initial Conditional Purchasers; Railcar Remarketing Assignee Trust, by its Trustee, Computershare Trust Company Canada, as RRAT; Computershare Trust Company Canada, in its individual capacity where expressly stated, as Computershare; Wells Fargo Bank Northwest, National Association, not in its individual capacity except as expressly stated therein, but solely as Certificate Trustee and as Conditional Seller; Wells Fargo Bank Nevada, National Association, not in its individual capacity except as expressly stated therein, but solely as Administrative Agent; the Persons named on Schedule I-A thereto, as Certificate Purchasers; the Persons listed on Schedule I-B thereto, as Liquidity Banks; Hatteras Funding Corporation, as CP Lender; Bank of America, National Association, as Administrator and as Liquidity Agent; and Banc of America Leasing & Capital, LLC, as Arranger (the "**Participation Agreement**"), and the rules of construction and interpretation set forth in Appendix I to the Participation Agreement shall apply to this Agreement. In this Agreement:

- (a) **Receiver** means any of an agent, receiver, manager, receiver-manager and receiver and manager.
- (b) **Security Period** means the period commencing on the date of this Agreement and terminating on the date on which all the Obligations (as hereinafter defined in Section 2.1) have been fully, indefeasibly and finally paid, performed and satisfied.

1.2 Recitals

The recitals to this Agreement form an integral part of this Agreement.

1.3 Severability

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect (1) the legality, validity or enforceability of the remaining provisions of this Agreement; or (2) the legality, validity or enforceability of that provision in any other jurisdiction.

1.4 Time of Essence

For every provision of this Agreement, time is of the essence.

1.5 Entire Agreement

This Agreement together with all of the Operative Documents and all documents contemplated by or delivered under or in connection with the Operative Documents, constitute

the entire agreement between the parties with respect to the subject matter and supersede all prior agreements, negotiations, discussions, understandings, representations, warranties and undertakings, whether written or oral.

1.6 References to Administrative Agent

In this Agreement, all references to and rights ascribed to Administrative Agent shall be construed as Administrative Agent on behalf of and for the ratable benefit of the Lenders unless otherwise specified.

SECTION 2 – GRANTING SECURITY OVER COLLATERAL

2.1 Amount Secured

Certificate Trustee hereby acknowledges to Administrative Agent that the amount secured by this Agreement, and in respect of which this Agreement and the security hereby created is enforceable, is the full amount of the obligations of the Certificate Trustee under the Loan Agreement and the other Operative Documents to the Administrative Agent and the Lenders (the “**Obligations**”) for the time being and from time to time and hereby covenants with Administrative Agent that the Collateral hereby assigned and charged is so assigned and charged as security for the full payment, performance and discharge of the Obligations for the time being and from time to time.

2.2 Security Interest.

As security for the payment, satisfaction and discharge in full of the Obligations, Certificate Trustee hereby grants to Administrative Agent, for the ratable benefit of the Lenders, a first priority security interest in all of the right, title and interest of Certificate Trustee in, to and under the following property, rights, interests and privileges, whether now owned or hereafter acquired, arising or existing in:

- (1) each Unit, all substitutions therefor and replacements thereof, the bills of sale, invoices, and purchase orders in respect thereof, all manufacturers’ or suppliers’ warranties in respect thereof, all improvements and additions now or hereafter made or affixed thereto (to the extent of Certificate Trustee’s interest therein), and all cash or non-cash proceeds therefrom;
- (2) the CSA and each CSA Supplement, including:
 - (a) the immediate and continuing right to make claim for, receive, collect and receipt for all interest, Purchase Price Instalments, income, revenues, issues, profits, insurance proceeds, condemnation awards, Sales Proceeds and other sums payable to or receivable by the Certificate Trustee under the CSA, each CSA Supplement, or pursuant to any provisions thereof or the other Operative Documents, whether as payments or as the purchase price or termination payment for any interest in the Units or otherwise,

- (b) the right and power (which right and power are coupled with an interest) upon the purchase by the Conditional Purchaser of the interest of the Certificate Trustee in the Units in accordance with the CSA to execute and deliver as irrevocable agent and attorney-in-fact of Certificate Trustee an appropriate instrument necessary to convey the interest of the Certificate Trustee therein, or to pay over or assign to the Conditional Purchaser those sums to which it is entitled if the Conditional Purchaser becomes obligated to purchase the interest of the Certificate Trustee in the Units and to perform all other necessary or appropriate acts as said agent and attorney-in-fact with respect to any such purchase and conveyance,
 - (c) the right, on a non-exclusive basis, to perform all other necessary or appropriate acts as said agent and attorney-in-fact with respect to any purchase or conveyance referred to in clause (b) above,
 - (d) subject to the terms of the Operative Documents and to the consent of the Required Lenders, the right, on a non-exclusive basis, to declare the CSA to be in default,
 - (e) subject to the terms of the Operative Documents and to the consent of the Required Lenders, the right to exercise remedies under or with respect to the CSA (including, without limitation, all foreclosure rights and power of sale rights),
 - (f) the right to give or make all consents, waivers and releases on behalf of the Certificate Trustee under the CSA provided for or permitted under the CSA,
 - (g) the right to give all notices (other than notices described in any other subclause of this clause (2)) provided under the CSA,
 - (h) the right to give all notices of default and to take all action upon the happening of a CSA Default or CSA Event of Default, including the commencement, conduct and consummation of proceedings as shall be permitted under any provision of the CSA, or by law or in equity,
 - (i) the right, on a non-exclusive basis, to receive all notices sent to the Certificate Trustee under the CSA,
 - (j) the Certificate Trustee's interest under the CSA in the Conditional Purchaser's tangible and intangible property used or arising in connection with the Units, including permits, licenses, contract rights and prepaid expenses, and
 - (k) the right, on a non-exclusive basis, to do any and all other things whatsoever which the Certificate Trustee is or may be entitled to do under the CSA;
- (3) all other Conditional Purchaser Collateral, whether now owned or hereafter acquired, and all substitutions and replacements thereof and additions thereto, including all rights, powers, privileges, licenses, options and other benefits of the Certificate Trustee therein and thereunder, including, without limitation, the right to exercise all rights of the Certificate Trustee in respect thereof;

- (4) all claims and rights to the payment of money at any time arising in connection with any repudiation, rejection or breach of the CSA by the Conditional Purchaser or a trustee or receiver of the Conditional Purchaser under any insolvency statute, law or regulation, including, without limitation, all rights to recover damages arising out of such breach or rejection, all rights to charges payable by the Conditional Purchaser or such trustee or, receiver in respect of the Units or any portions thereof following rejection, repudiation or disaffirmance of the CSA or following the entry of an order for relief under any insolvency statute, law or regulation in respect of the Conditional Purchaser and all payment amounts and other charges outstanding under the CSA as of the date of entry of such order for relief;
- (5) all consents, licenses, and other Governmental Actions relating to the operation or use of any Unit or any part thereof;
- (6) all present and future right, title and interest of Certificate Trustee in and to (i) all accounts, general intangibles, chattel paper, deposit accounts, money, investment property, instruments and documents relating to or otherwise arising in connection with or derived from any Unit or any part thereof, (ii) all refunds, rebates, reserves, deferred payments, deposits, cost savings, and payments of any kind due from or payable by any Governmental Authority or any insurance company relating to any Unit or any part thereof, (iii) all refunds, rebates and payments of any kind due from or payable by any Governmental Authority for any Taxes, assessments, or governmental or quasi-governmental charges or levies imposed upon Certificate Trustee with respect to or upon any Unit or any part thereof, (iv) any letter of credit, letters of guarantor or other similar credit instrument given to Certificate Trustee under the CSA or otherwise, and (v) any cash collateral account maintained pursuant to any of the Loan Documents, including the Cash Collateral Account;
- (7) all of Certificate Trustee's right, title and interest in, to and under all of the Operative Documents to which Certificate Trustee is a party, including the Participation Agreement, the Assignment Option Agreement, the Guarantee, the Loan Agreement and any other instruments or agreements delivered pursuant to or in connection with any such Operative Documents, as and when executed and delivered, and all payments due or to become due thereunder;
- (8) all of Certificate Trustee's right, title and interest in, to and under all recordings, registrations and other actions in connection with perfecting or otherwise protecting the interest of Certificate Trustee in, to and under any Unit or any part thereof and the Operative Documents;
- (9) all other proceeds of any of the foregoing; and
- (10) all of the foregoing (collectively, the "Collateral").

2.3 Attachment

The security interest, assignments and transfers expressed to be granted or created in Section 2.2 are intended to attach when this Agreement is executed by Certificate Trustee and delivered to Administrative Agent, provided that, in respect of Collateral in which Certificate Trustee does not have rights as of the date of such execution and delivery, such security interest,

assignments and transfers shall attach on the date and at the time when Certificate Trustee acquires rights in such Collateral.

2.4 Certificate Trustee Remains Liable

Notwithstanding anything contained herein to the contrary, Certificate Trustee shall remain liable under each of the Operative Documents to which it is a party to perform all of the obligations assumed by it thereunder and Administrative Agent shall not assume or be subject to any of the obligations or liabilities of Certificate Trustee under such Operative Documents until such time as Administrative Agent expressly agrees in writing to assume one or more of such obligations.

2.5 Security

The security created by this Agreement shall be held by Administrative Agent for the ratable benefit of the Lenders as continuing collateral security for the payment, satisfaction and discharge in full of the Obligations and is in addition to and not in substitution for, and shall not in any way be prejudiced or affected by, and shall be without prejudice to, any other security or guarantee now or hereafter held by Administrative Agent in respect of the Obligations, and shall not operate as a merger of any simple contract debt, or suspend the fulfilment of or affect the rights, remedies or powers of Administrative Agent in respect of the Obligations. The security created by this Agreement shall not be satisfied and shall not be released or discharged by any intermediate payment, performance, discharge or satisfaction of any part of the Obligations and shall be a continuing security and shall extend to cover any sum or sums of money or other liabilities and obligations which shall for the time being constitute the balance of the Obligations until all of the Obligations shall have been fully and finally paid, performed and discharged.

2.6 Power of Attorney

(1) Certificate Trustee hereby appoints Administrative Agent as Certificate Trustee's attorney-in-fact, irrevocably, with full power of substitution (which power is coupled with an interest), to collect all payments due and to become due under or arising out of the Collateral, to deposit the same in Administrative Agent's account set forth in Schedule II to the Participation Agreement (or otherwise as Administrative Agent may direct) and to apply the same in accordance with the Loan Agreement. Certificate Trustee hereby acknowledges and agrees that Administrative Agent will hold all Payments for the benefit of each of the Lenders and Certificate Trustee and Administrative Agent will distribute all Payments in accordance with Article III of the Loan Agreement.

(2) Without prejudice to the Liens on the Collateral hereunder and subject to the provisions of Section 6.1 of the Loan Agreement, immediately upon the occurrence of an Loan Event of Default, and for so long as such Loan Event of Default is continuing, Certificate Trustee hereby specifically and expressly and irrevocably authorizes Administrative Agent (to the total and complete exclusion of all other Persons, including Certificate Trustee) to exercise all remedies and rights on the part of Certificate Trustee under the Operative Documents forming part of the Collateral, to enforce payment of or recover the Payments or any amounts recoverable or payable under such Operative Documents, to apply such amounts in satisfaction of the Obligations in

accordance with Article III of the Loan Agreement, to enforce compliance by the parties to such Operative Documents with all the terms and provisions thereof, and to take any action or institute any proceedings that Administrative Agent may deem to be necessary or appropriate to protect and preserve the interest of Administrative Agent and the Lenders in the Collateral. Accordingly, Certificate Trustee hereby appoints Administrative Agent to be its attorney-in-fact, effective immediately following the occurrence of a Loan Event of Default and during the continuance thereof, but subject to Section 6.2 of the Loan Agreement, to exercise any such remedy and right and to take all steps and actions in relation thereto as if Administrative Agent had been expressly and directly granted each such remedy and right as the original party to such Operative Document in place of Certificate Trustee.

(3) The foregoing power of attorney is irrevocable until all the Obligations have been indefeasibly paid in full in cash and fully performed, is coupled with an interest and is granted with full power of substitution and with full power (in the name of Certificate Trustee or otherwise) to ask, require, demand, receive, release, compound and give acquittance for any and all moneys and claims, to file any claims or to take any action or to institute any proceedings in respect thereof, and to obtain any recovery in connection therewith, which Administrative Agent may in its absolute discretion deem necessary or advisable in the circumstances.

2.7 Frustration

No moneys paid to Administrative Agent or to any Lender pursuant to this Agreement shall be recoverable from Administrative Agent or such Lender in any circumstances, including where performance of the Loan Agreement or any other Operative Document becomes impossible, unlawful or otherwise frustrated, except for moneys to which Administrative Agent or such Lender were not entitled at the time of payment pursuant to this Agreement or the Loan Agreement. For greater certainty, the foregoing sentence shall not in any way affect or limit any rights that the Conditional Purchaser may have pursuant to (i) any Operative Document, or (ii) at law to pursue any legal remedies in respect of any fraud, gross negligence or wilful misconduct of any Person.

2.8 Termination

Upon payment in full in immediately available funds and performance of all the Obligations, Administrative Agent shall, at the cost and expense of Certificate Trustee, deliver to Certificate Trustee financing change statements, discharges and other documents necessary or appropriate to evidence the termination and discharge of the Liens in the Collateral hereunder.

2.9 Partial Release of Liens against Collateral

If, in respect of any Unit:

- (a) a conveyance is completed, in accordance with Section 6.1 of the CSA;
 - (b) a substitution of any Part is completed in accordance with Section 5.4 of the CSA and the Original Part becomes the property of Conditional Purchaser thereunder;
- or

- (c) the Partial Early Termination Option is exercised, in accordance with Section 10.1 of the CSA;

then, provided that any applicable payments are made to Administrative Agent's account set forth in Schedule II to the Participation Agreement, applied in accordance with Article III of the Loan Agreement to repay the portion of the Loans applicable to such Unit or Units referred to in subsection (a) or (c) above in full, and Administrative Agent and the Lenders have received indefeasible payment in full of all accrued Interest and all other payments due and owing to Administrative Agent and Lenders on such date in an amount equal to (i) in respect of payments made in connection with an Event of Loss in clause (a) of this Section, the Casualty Amount, or (ii) in respect of payments due in connection with the exercise of the Partial Early Termination Option in clause (c) of this Section, the Final Payment, the applicable Unit or Part shall be automatically released from the Lien created under this Agreement without delivery of any instrument or performance of any act by any party. If requested, Administrative Agent shall execute a release pursuant to this Section 2.9 in favour of Certificate Trustee and Conditional Purchaser upon receipt of such request in writing by Administrative Agent accompanied by a Responsible Officer's Certificate of Conditional Purchaser setting forth the basis for such request and stating that Conditional Purchaser has complied with the relevant provisions of the CSA together with such additional evidence of such compliance as Administrative Agent shall request.

SECTION 3 – REPRESENTATIONS AND WARRANTIES

3.1 Certificate Trustee's Representations and Warranties

Certificate Trustee hereby restates to Administrative Agent its representations and warranties set forth in Section 4.3 of the Participation Agreement, made by Certificate Trustee in its capacity as Certificate Trustee, which representations and warranties are hereby incorporated by reference.

SECTION 4 – COVENANTS

4.1 Certificate Trustee's Covenants

Certificate Trustee covenants that throughout the Security Period:

- (1) ***No Amendments to Operative Documents.*** It will not execute or permit to occur any waiver of any part of, or consent to modifications or amendments to, any Operative Document without the prior written consent of Administrative Agent (with the written consent of the Persons required in Section 8.3 of the Participation Agreement). Certificate Trustee shall not make a determination that any document, certificate or other information presented to Certificate Trustee under or pursuant to any Operative Document is satisfactory in form or substance without the prior written consent of Administrative Agent. Certificate Trustee shall not make a determination that any appraiser, environmental consultant or other professional selected to provide any report, Appraisal or other information to Certificate Trustee under the Operative Documents is satisfactory without the prior consent of Administrative Agent.

- (2) **Maintenance of Liens.** It will not do anything or take any action which has or is reasonably likely to have the effect of prejudicing the first priority Liens in the Collateral hereunder or the enforceability or effectiveness of such Liens against a liquidator, Receiver, administrator or trustee in bankruptcy (or similar officer or official) in the Payments or the other Collateral (subject to Permitted Liens) which is effected by this Agreement and will not omit to do anything reasonably requested to be done by Administrative Agent, the doing of which is necessary to maintain such first priority Liens.
- (3) **No Repudiation.** It shall not take any action to repudiate its Obligations, nor shall it assert in any manner that it has no Obligations, under any or all of the Security Documents.
- (4) **Payments to Administrative Agent's Account.** Other than with the prior written consent of Administrative Agent or as contemplated by the Operative Documents, Certificate Trustee will not agree to any payment made or to be made in respect of the Payments or any other amount owing to Certificate Trustee under the Operative Documents being made other than to Administrative Agent's account set forth on Schedule II to the Participation Agreement.

SECTION 5 – SUPPLEMENTAL INSTRUMENTS

Certificate Trustee will execute and deliver from time to time all instruments of further assurance and do such further acts as may be necessary or proper to carry out more effectively the purpose of this Agreement, including, in connection with the delivery of each CSA Supplement, the execution of a supplement to this Agreement, substantially in the form attached hereto as Exhibit "A".

SECTION 6 – REMEDIES

6.1 Exercise of Remedies

Upon the occurrence of an Loan Event of Default, but subject always to Article VI of the Loan Agreement, Administrative Agent may appoint any Person or Persons, whether or not an officer or officers or an employee or employees of Administrative Agent, to be a Receiver of the Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his or her acts, be deemed the agent of Certificate Trustee and not Administrative Agent, and Administrative Agent shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, its servants, agents or employees. In addition, upon the occurrence of and during the continuance of an Loan Event of Default, but subject to Section 6.3 hereof and Article VI of the Loan Agreement, Administrative Agent, or any representative, agent or nominee of Administrative Agent (including any Receiver appointed by Administrative Agent hereunder) may:

- (1) exercise all or any of the rights and privileges of Certificate Trustee under and in accordance with the CSA, the Assignment Option Agreement, the Trust Agreement, the Guarantee and the other Operative Documents to which Certificate Trustee is a party including by enforcing all or any of the covenants, agreements and provisions in favour of Certificate Trustee contained in the CSA, the Assignment Option Agreement, the Trust Agreement, the

Guarantee and the other Operative Documents to which Certificate Trustee is a party, and release all or any of such rights and privileges or amend such agreements;

- (2) collect, settle or compromise all amounts which may become payable in respect of the Collateral;
- (3) exercise in respect of the CSA and the other Operative Documents to which Certificate Trustee is a party, any rights and remedies of a secured party provided by statute or otherwise, subject to the terms of such agreements;
- (4) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral;
- (5) sell, lease, or otherwise dispose of or concur in selling, leasing, or otherwise disposing of Collateral by private sale, public sale, lease, or otherwise upon such terms and conditions as Administrative Agent may determine and whether or not Administrative Agent has taken possession of the Collateral or otherwise dealt with the Collateral or any part thereof in such manner, upon such terms and conditions and at such times as may seem to Administrative Agent advisable; and
- (6) exercise all other rights and remedies of a secured party under the *Personal Property Security Act* (Alberta) or such other rights and remedies as are available under any other Applicable Laws and Regulations.

6.2 Waiver of Default

No express or implied waiver by Administrative Agent and the Lenders or any of them of any Loan Event of Default shall in any way be or be construed to be a waiver of any future or subsequent Loan Event of Default. To the extent permitted by applicable law, Certificate Trustee hereby waives any rights now or hereafter conferred by statute or otherwise which may limit or modify any of the rights or remedies of Administrative Agent and the Lenders or any of them under this Agreement. Certificate Trustee acknowledges and agrees that the exercise by Administrative Agent and the Lenders or any of them of any rights under any Operative Document without having declared an acceleration shall not in any way alter, affect or prejudice the right of Administrative Agent and the Lenders to make a declaration pursuant to the provisions of Article VI of the Loan Agreement at any time and, without limiting the foregoing, shall not be construed as or deemed to constitute a waiver of any rights under Article VI of the Loan Agreement.

6.3 Remedies Cumulative

For greater certainty, the rights and remedies of Administrative Agent under this Agreement, the Loan Agreement and the other Operative Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by Administrative Agent on behalf of the Lenders of any right or remedy for a default or breach of any term, covenant, condition or agreement herein contained shall not be deemed to be a waiver of, or to alter, affect or prejudice, any other right or remedy or other rights or remedies to which such Lender may be lawfully entitled for the same default or breach, and

any waiver by Administrative Agent or any Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement contained herein or in the other Operative Documents, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent default.

6.4 Remedies Not Limited

Subject always to Article VI of the Loan Agreement, including the occurrence of a Loan Event of Default, Administrative Agent on behalf of the Lenders may, to the extent permitted by Applicable Laws and Regulations, bring suit at law, in equity or otherwise for any available relief or purpose including (1) the specific performance of any covenant or agreement contained in this Agreement, the Loan Agreement or in any other Operative Document, (2) an injunction against a violation of any of the terms of this Agreement, the Loan Agreement or any other Operative Document, (3) in aid of the exercise of any power granted by this Agreement, the Loan Agreement or any other Operative Document or by law, or (4) the recovery of any judgement for any and all amounts due in respect of the Loans or amounts otherwise due hereunder or under any other Operative Document.

6.5 Delivery of Collateral

Certificate Trustee acknowledges that Administrative Agent or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by Applicable Laws and Regulations and Certificate Trustee agrees upon request from Administrative Agent or any such Receiver to assemble and deliver possession of Collateral at such place or places as reasonably directed.

6.6 Payment of Costs

Certificate Trustee agrees to pay to Administrative Agent forthwith upon demand the amount of all expenses incurred in recovering any Obligations or in enforcing the Liens in the Collateral hereunder in connection with any Loan Event of Default, including all such expenses incurred in connection with the retaking, holding, repairing, processing, constructing, completing, preparing for disposition and disposing of the Collateral (including legal fees and expenses and any other expenses), with interest thereon both before and after maturity, demand and default and both before and after judgement from the date of incurring of such expenses at the Overdue Rate.

6.7 Dealing with Certificate Trustee and Collateral

Administrative Agent may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Certificate Trustee, the debtors of Certificate Trustee, including Conditional Purchaser, sureties and others, including Guarantor, and with the Collateral and other security as Administrative Agent may see fit without prejudice to the liability of Certificate Trustee's or Administrative Agent's right to hold and realize the Liens in the Collateral hereunder.

6.8 Distribution in Accordance with Participation Agreement

All money collected or received by Administrative Agent pursuant to or in exercise of any right it possesses with respect to the Collateral shall be applied on account of the Obligations in the manner described in Article III of the Loan Agreement.

SECTION 7- MISCELLANEOUS**7.1 Survival**

Anything contained in this Agreement to the contrary notwithstanding, all claims against and liabilities of Certificate Trustee arising under the Operative Documents prior to the expiration or earlier termination of this Agreement shall survive such expiration or earlier termination.

7.2 Payment Currency

Amounts to be paid under this Agreement are to be paid in accordance with Section 9.18 of the Participation Agreement.

7.3 Amendments and Modifications

No amendment, variation, supplement, restatement, renewal, replacement, waiver, discharge or termination of any provision of this Agreement and no waiver of any breach by any Person of any provision of this Agreement shall be effective unless it is in writing and signed by each Person required pursuant to Section 9.5 of the Participation Agreement.

7.4 Further Assurances

Certificate Trustee shall, at its own expense, make, do and execute or cause to be made, done and executed all such further acts, deeds and assurances as Administrative Agent may at any time or from time to time deem requisite to give effect to the provisions and intent of this Agreement and to complete the transactions contemplated by this Agreement.

7.5 No Waiver

No failure by Administrative Agent or any Lender to insist upon the strict performance of any term hereof or to exercise any right, power or remedy upon a default hereunder shall constitute a waiver of any such default or of any such term. To the fullest extent permitted by Applicable Laws and Regulations, no waiver of any default shall affect or alter this Agreement, and this Agreement shall continue in full force and effect with respect to any other then existing or subsequent default.

7.6 Notices

All Notices required or permitted by the terms hereof to be given to any Person shall be given in writing in the manner provided in, shall be sent to the respective addresses set forth in,

and the effectiveness thereof shall be governed by the provisions of, Section 9.3 of the Participation Agreement.

7.7 Successors and Assigns

All the terms and provisions of this Agreement shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

7.8 Supervening Legislation

Any present or future legislation which operates to vary the obligations of a party in connection with this Agreement, with the result that a party's rights, powers or remedies are adversely affected (including by way of delay or postponement), is excluded, except to the extent that its exclusion is prohibited or rendered ineffective by law.

7.9 Governing Law

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.

7.10 Submission to Jurisdiction; Service of Process

Without prejudice to the ability of the any party to enforce this Agreement or any of the other Operative Documents in any other proper jurisdiction, each party hereto irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta to determine all issues, whether at law or in equity arising from this Agreement or any of the Operative Documents. To the extent permitted by Applicable Laws and Regulations, each party hereto irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement or any of the Operative Documents in the courts of such Province or that the subject matter hereof may not be enforced in such courts and irrevocably agrees not to seek, and hereby waives any right to judicial review by any court which may be called upon to enforce the judgment of the courts referred to herein, of the substantive merits of any such suit, action or proceeding. Without preventing any other mode of service permitted by Applicable Laws and Regulations, any document in an action or proceeding (including any writ of summons or other originating process or any third or other party notice) relating to any transaction contemplated by any Operative Document may be served on any party by being delivered to or left for that party at its address for service of notices specified in Section 9.3 of the Participation Agreement.

7.11 Counterparts

This Agreement may be executed on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

7.12 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement on the one hand and the provisions of the Loan Agreement on the other hand, the provisions of the Loan Agreement shall prevail to the extent of such inconsistency.

7.13 Receipt of Copy of Agreement

Certificate Trustee acknowledges receipt of a copy of this Agreement.

[THE REMAINDER OF THIS SPACE INTENTIONALLY LEFT BLANK]

EXECUTION COPY

IN WITNESS WHEREOF the parties have duly executed and delivered this Agreement as of the date first above written.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION,** as Certificate
Trustee

By: _____

Name: _____

Title: _____

**C. Scott Nielsen
Vice President**

**WELLS FARGO BANK NEVADA,
NATIONAL ASSOCIATION,** as
Administrative Agent, for and on
behalf of the Lenders

By: _____

Name: _____

Title: _____

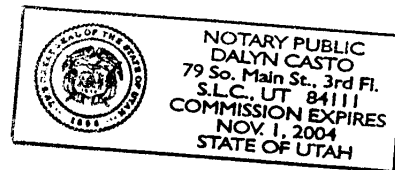
**C. SCOTT NIELSEN
TRUST OFFICER**

SECURITY AGREEMENT

STATE OF UTAH)
)
COUNTY OF SALT LAKE) SS

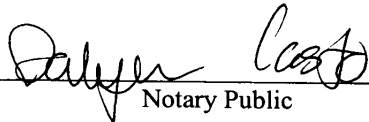
On this 27 day of December, 2001, before me personally appeared C. Scott Nielsen to me personally known, who being by me duly sworn, say that he is a Vice President of WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, that said instrument was signed on such date on behalf of said association, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Dalyn Casto
Notary Public



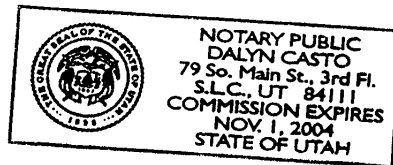
STATE OF UTAH)
) SS
COUNTY OF SALT LAKE)

On this 27 day of December, 2001, before me personally appeared C. Scott Nielsen to me personally known, who being by me duly sworn, say that he is a Trust Officer of WELLS FARGO BANK NEVADA, NATIONAL ASSOCIATION, that said instrument was signed on such date on behalf of said association, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.



Notary Public

[NOTARIAL SEAL]



My Commission Expires:

Exhibit A – Form of Supplement No. __ to Security Agreement

This Supplement No. ____ (this “**Supplement**”), dated _____, 20__, to the Security Agreement dated as of December 28, 2001 (the “**Security Agreement**”) between Wells Fargo Bank Northwest, National Association, a national banking association, in its capacity as Certificate Trustee, (“**Certificate Trustee**”) and Wells Fargo Bank Nevada, National Association, not in its individual capacity, but solely as Administrative Agent, for and on behalf of the Lenders, (“**Administrative Agent**”). Capitalized terms used herein but not otherwise defined have the meanings specified in the Security Agreement.

The parties hereto agree as follows:

- (1) **CSA Supplement No. ____.** In accordance with the Security Agreement, the Certificate Trustee has executed this Supplement to subject the CSA, as supplemented by CSA Supplement(s) No. _____, and the Units covered by such CSA Supplement(s), to the Security Agreement. A copy of CSA Supplement No(s). _____ is attached as Schedule I hereto, and a description of the Units covered by such CSA Supplement is set forth in Schedule I to such CSA Supplement.
- (2) **Integrated Security Agreement.** Following the execution and delivery of this Supplement, this Supplement, and all supplements previously delivered under the Security Agreement, shall constitute a part of the Security Agreement.
- (3) **Confirmation.** Except as expressly supplemented hereby, the provisions of the Security Agreement are and shall remain in full force and effect. Further, the Certificate Trustee hereby reaffirms its obligations under the Security Agreement.

[END OF PAGE]

[SIGNATURE PAGE FOLLOWS]

EXECUTION COPY

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and delivered on the day and year first above written.

**WELLS FARGO BANK NORTHWEST,
NATIONAL ASSOCIATION,** as Certificate
Trustee

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**WELLS FARGO BANK NEVADA,
NATIONAL ASSOCIATION,** as
Administrative Agent, for and on
behalf of the Lenders

By: _____
Name: _____
Title: _____

EXECUTION COPY

Schedule I – CSA Supplement(s)